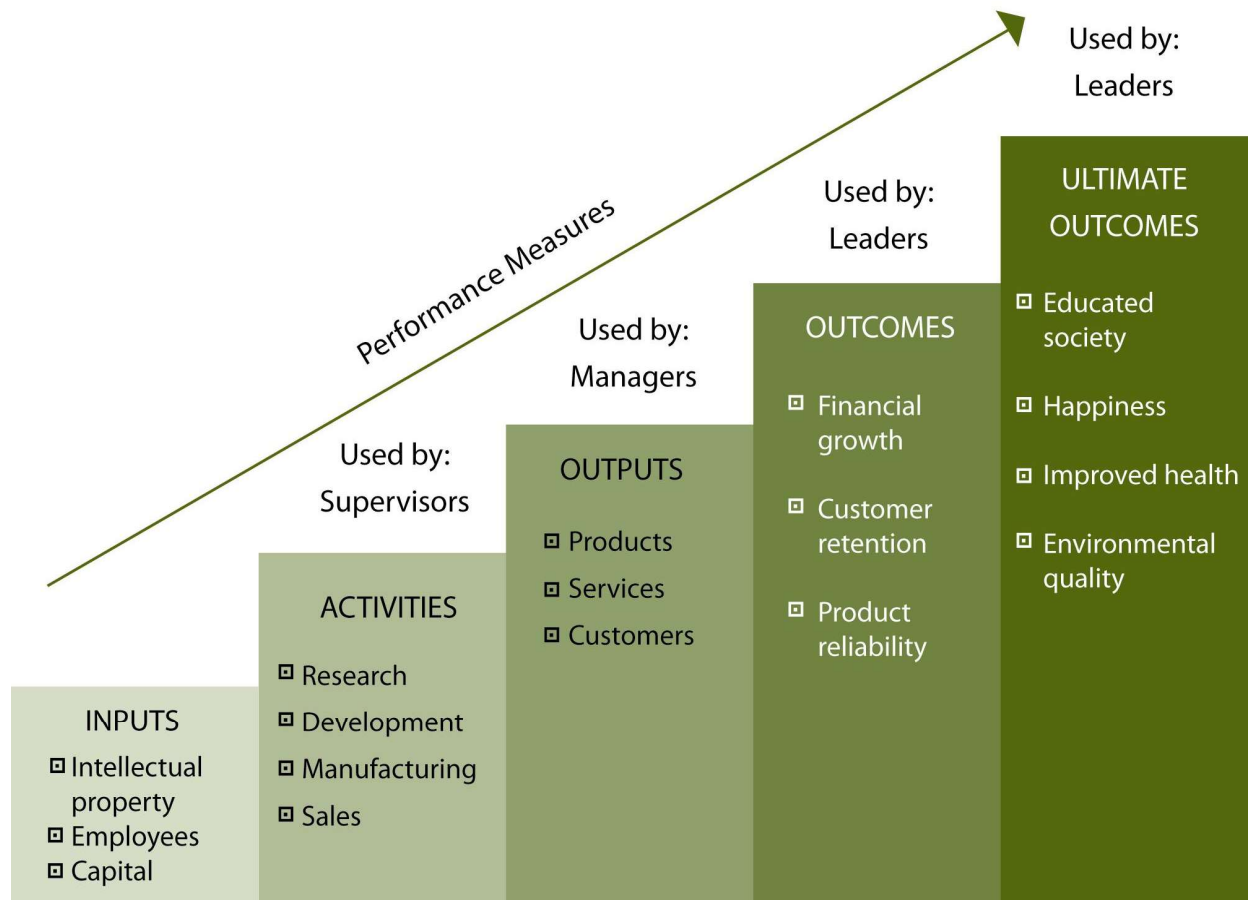


THE STAIRWAY TO PERFORMANCE: FOCUSING ON OUTCOMES

When a large health care system in California started measuring health outcomes, a surprising thing happened: patient health increased, while at the same time, health care costs declined. Why did this occur? A major factor was that doctors started looking at the performance measures and teaming up to treat the sickest people. As a result, the number of “frequent fliers” – people who regularly sought medical care – decreased dramatically.

Paying attention to outcomes pays off in big ways. Yet many companies fail to take the time to systematically figure out how to measure performance. As a result, the business doesn’t flourish as it should. Instead, it stagnates.

The following diagram shows how to distinguish between different types of performance measures.



When we work with our clients, we help them look holistically at the organization and develop a set of performance measures that tracks outcomes rather than outputs. We then help ensure that the information is communicated throughout the organization on a regular basis – via forums in which people talk about performance, look at trends, and focus on areas where the organization is not meeting its targets.

Sharing performance information in this manner aligns people around a common set of goals and focuses everyone's attention on how to improve the organization's performance. It also builds trust when people see that leaders are holding everyone accountable. Done well, a strong set of performance measures will raise the organization to a higher level of success.